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FOR IMMEDIATE RELEASE

July 20, 2004

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Commission Provides a Critical Path for California to Restore Prosperity, Improve Performance and Rebuild Trust

California faces critical challenges that policy-makers must address for the state to regain prosperity, improve the performance of government and rebuild public trust. But efforts to solve these problems over several years – from an obsolete revenue system to a dysfunctional state-local relationship – have failed to yield necessary reforms.

The Little Hoover Commission, in a report released Tuesday and titled *Governing the Golden State*, gleaned the lessons from previous efforts to fashion a "critical path" that leaders could use to develop well-analyzed and publicly supported solutions.

"Beyond the current budget debate, state leaders need to confront and resolve a range of structural issues that hobble how policy decisions are made, resources are allocated, and services are delivered," said Commission Chairman Michael E. Alpert.

Lagging government performance, in turn, reduces the quality of life and the ability of Californians to compete and prosper. California's educational outcomes, violent crime rates, unemployment and traffic congestion are among the nation's worst.

"Clearly government will have to find ways to surely and swiftly progress toward public goals, such as an educated citizenry, safe communities and adequate health care," Alpert said. "And in making these improvements, public leaders have an opportunity to restore the public's faith and confidence."

In good times and in bad, well-intended reformers have set out to solve the structural problems that are considered responsible for budgets that aren't balanced, and other policy failures that attract national attention. Many of the problems have festered for decades. However, the fiscal crisis, now in its fourth year, has elevated the need for reforms that would enable the State to provide high quality services at an affordable cost, making California an attractive place to live and do business.

In this project, the Commission examined previous blue ribbon panels and other reform efforts to determine why they did not yield solutions that were enacted by policy-makers and successfully implemented. A lack of consistent leadership, inadequate data and analysis and insufficient public involvement were among the reasons why sophisticated solutions to complicated problems have not been developed. Blue ribbon panels are often given vague charges, inadequate resources, and no commitment by policy-makers to seriously consider proposals that are developed.

With the benefit of hindsight, much of it offered by those who were involved in these efforts, the Commission discerned a process that California leaders could use to develop technically sound and politically supported reforms.

"This critical path, if followed, would enable the leadership of California government to achieve a permanently balanced budget while delivering the highest quality public services at an affordable cost," said Commissioner Welton C. Mansfield, chair of the subcommittee of this project.

"Each step on the path is based on actual experiences from people who have been involved, and frustrated, by the attempts to find a better way of funding government, setting policies and priorities, allocating resources among programs and measuring performance," Mansfield said.

The model process begins with – and must be sustained by – state level leaders, who need to agree on the problems to be solved, define the range of acceptable solutions, and devote the political capital necessary to get stakeholders to the table and to build public awareness and support for change.

Deliberations need to be supported by the resources necessary to analyze problems in detail and assess potential solutions. This information must feed into negotiations that include all key stakeholders, who must be committed to forge and sustain agreements that truly reflect the backing of their organizations.

A critical component of the process is public involvement, which is necessary to build awareness of the importance of change and the support for specific proposals.

Ultimately the process must yield sound, mature and vetted solutions that the stakeholders and the public support and policy-makers can enact.

The process itself must be framed with integrity. Previous efforts have often lacked one or more of the following: leadership, trust, transparency, public involvement, inclusiveness, commitment and timeliness. These intangible ingredients are essential to success.

The Commission designed the critical path to be applied to a variety of reform issues. However, in the report, the Commission applied the path to two of the State's most contentious issues: the revenue system and the state-local government relationship. The Commission recognized that solving these two problems is foundational to resolving a number of other fiscal and performance problems plaguing California.

The Little Hoover Commission is a bipartisan and independent state agency charged with recommending ways to increase the efficiency and effectiveness of state programs. The Commission's recommendations are sent to the Governor and the Legislature. To obtain a copy of the report, *Governing the Golden State – A Critical Path to Improve Performance and Restore Trust*, contact the Commission or visit its Web site: www.lhc.ca.gov.